

# Memphis Transit Vision

## Action Plan



**INNOVATE MEMPHIS**

DELIVERING CIVIC SOLUTIONS



# Exec Summary

Great cities have great transit. Memphis deserves better than what we have.

The Memphis Transit Vision will bring equitable opportunity and economic growth. But we need dedicated funds to run buses run more often and serve more people.

At less than \$30M per year, Memphis' investments in transit have been declining for over 30 years. Today, after the COVID pandemic our city has no routes that run more than 30 minute frequency.

Too many people miss out on job or school opportunities because they lack reliable transit. As part of this project, we are collecting the voices of Memphians who want better, more reliable transportation to pursue their ambitions and meet their potential.

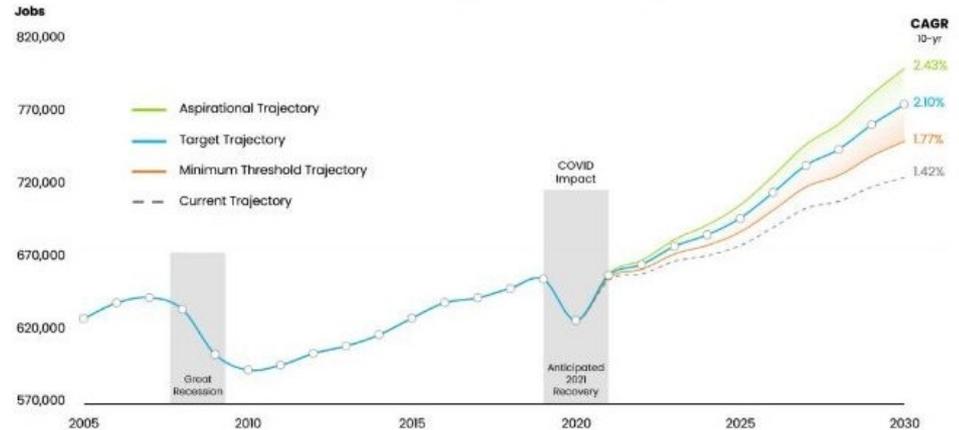
This research also puts our current transit in context of our peer cities and charts the way to dedicated funds to achieve the vision of a thriving Memphis region.

# A People Powered Prosperity Requires Good Transit

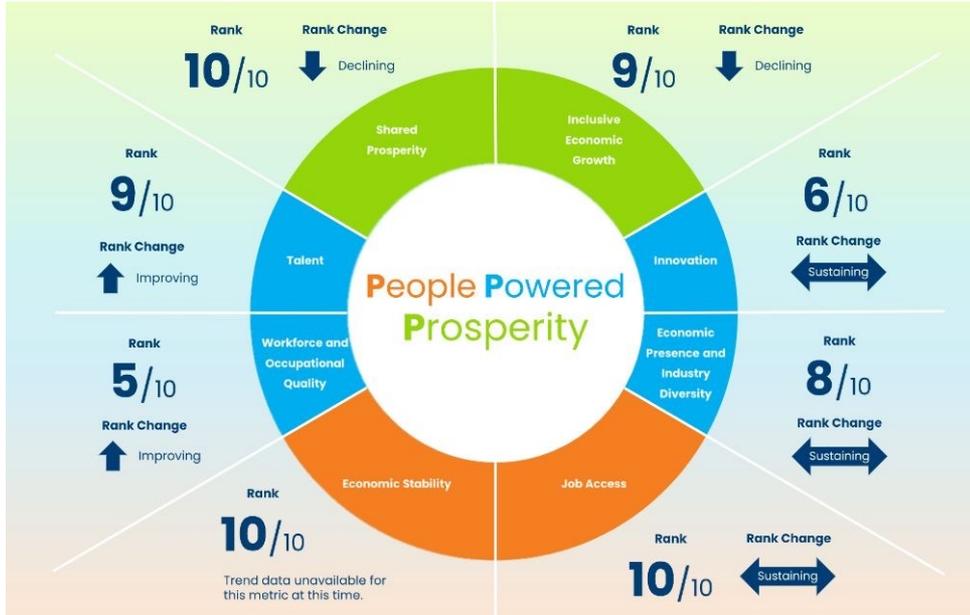
The Greater Memphis Chamber launched an initiative to benchmark ourselves against 9 peer cities on measures that reflect inclusive economic prosperity. The initiative also charted potential growth scenarios for the decade ending in 2030. The Transit and Prosperity Project looked at how the Memphis Region compares in terms of transit funding, ridership and organization with these peer metro areas.

# BOLD

## 50,000 new jobs by 2030



# Measures of an Equitable Economy



**Insight:** To grow an equitable economy, policies must reinforce an individual's ability to connect to opportunity.

The chamber's People Powered Prosperity Dashboard report underscores the connection between transportation and prosperity.

When compared with these nine other metro areas, Memphis ranks near the bottom on many indicators including 10 out of 10 for economic stability and job access.

# Access to Opportunities is a Challenge Today



“If people can’t get to the distribution centers in southeast Memphis they miss out on good salaries.”

Amber, American Job Centers

Amber Covington works with individuals in Greater Memphis and surrounding counties to help them reach self-sufficiency through training and connections to jobs and internships. Her goal is to ensure that there are no barriers for her clients to work, but transportation can be an unresolvable challenge.



“My clients often cannot benefit from the bus passes that job training and placement organizations give out because bus routes stops just short of their neighborhoods.”

Nancy, Epicenter

Nancy Brownlee tries to find physical spaces for entrepreneurs and small business owners to work in, but she has found that transportation issues can complicate this desired outcome. She believes that finding better transportation options for underserved neighborhoods will become even more of a pressing concern in the near future.

# Access to Opportunities is a Challenge Today



“I gave up the opportunity to take a class at University of Memphis because I couldn’t get there.”

Steven S., Memphis

Steven has many examples of late or non-existent bus service seriously hindering his ability to get where he needs to go, for example getting stranded at a transit center one night because he hadn’t realized the last bus had stopped running several hours before.



“I had to leave home two and a half or three hours early to get to work on time. And often the bus was full and then I have to wait another hour and be late for work.

Essence J., Memphis

Transportation fees are only part of the economic impact of poor transportation service. Essence has had to change jobs several times because of her transportation issues, and each job change has resulted in a pay cut.

# Access to Opportunities is a Challenge Today



“Memphis is the logistics capital. We can move all kinds of stuff to all kinds of different places; why can’t we figure out how to move 650,000 people within the city?”

Jan Y., ED, Assisi Foundation

Jan feels that one source of frustration for many Memphians – one that keeps them from becoming more involved in transportation advocacy – is the fact that so many plans for improving public transit have been announced, developed, and then abandoned. Her conclusion: People simply have no belief that anybody will do anything with a credible plan.



Improving transportation issues in Memphis has to start with city leadership.”

Ernestine Smith., Assisi Foundation

Ernestine describes how transportation is an ongoing problem in Memphis and is one major component of the systemic poverty that plagues the city. Innovative ideas and cooperation from all sectors of the community are essential tools in tackling the issue.

# Why Transit Matters: Local Perspective

## Public Health

The American Lung Association's 2021 *State of the Air* report gave Shelby County an "F-rating" for ozone pollution, ranking 47th in the US<sup>1</sup>. Ozone pollution in Is caused by car exhaust and factory fumes.<sup>2</sup>

According to the EPA, It may pose serious health risks such as<sup>3</sup>:

- Respiratory harm (e.g., worsened asthma, worsened COPD, inflammation)
- Early death (short-term & long-term exposure)
- Cardiovascular harm (heart attacks, strokes, heart disease, congestive heart failure)

In Shelby County, there are currently over 22,000 children and 68,000 adults registered as being asthmatics, 72,000 people with chronic obstructive pulmonary disease (COPD) and 80,000 people with heart disease who face greater risk from poor quality air.

## Equity

According to the Greater Memphis Chamber the region ranks last among peers in job access.

According to a Harvard study **transportation is the strongest factor in helping people escape poverty**; more than crime, school test scores, or the percentage of two-parent families.<sup>4</sup>

Neighborhoods in Cleveland Ohio where transit service improved saw a 3.1% increase in employment and at 12.9% decrease in poverty.<sup>5</sup>

<https://www.urban.org/features/unequal-commute>

## Memphis Transit Vision Economic Benefit

Today only 3% of people in Memphis have access to frequent transit service within a half-mile of their homes. The Memphis Transit Vision nearly quintuples frequent transit access to 14% of people.

Similarly, the Transit Vision would nearly triple the number of jobs accessible by frequent transit.

More than six-fold jump in the residents of color with access to frequent transit.

# WHY TRANSIT MATTERS: National Perspective

## Economic Benefits

Every \$1 invested in public transportation generates \$5 in economic returns.

87% of public transit trips directly benefit the local economy; 50% of trips are to and from work; 37% of trips are to shopping and recreational spending

Home values were up to 24% higher near public transportation than in other areas in 2020

Every \$10 million in capital investment in public transportation yields \$30 million in increased business sales; Every \$10 million in operating investment yields \$32 million in increased business sale

Every \$1 billion invested in public transportation supports and creates approximately 50,000 jobs<sup>1</sup>

## Safety Benefits

Cities with more than 40 annual public transit trips per person have half the traffic fatality rate of those with fewer than 20 trips per person.

Public transit is 10x safer per mile than traveling by car with less than a tenth the per-mile traffic casualty (injury or death) rate as automobile travel.

Public transit-oriented communities are five times safer because they have about a fifth the per capita traffic casualty rate as automobile-oriented communities. <sup>2</sup>

## Environmental Benefits

[Public transportation's overall effects save the United States 6 billion gallons of gasoline annually.](#)<sup>3</sup>

Communities that invest in public transit reduce the nation's carbon emissions by 63 million metric tons annually.<sup>4</sup>

Transportation investments has other important consequences for the environment, including air and water quality, climate change, and open space preservation <sup>5</sup>

# As Investment in Transit Declines So Does Ridership

## Elements of a Death Spiral

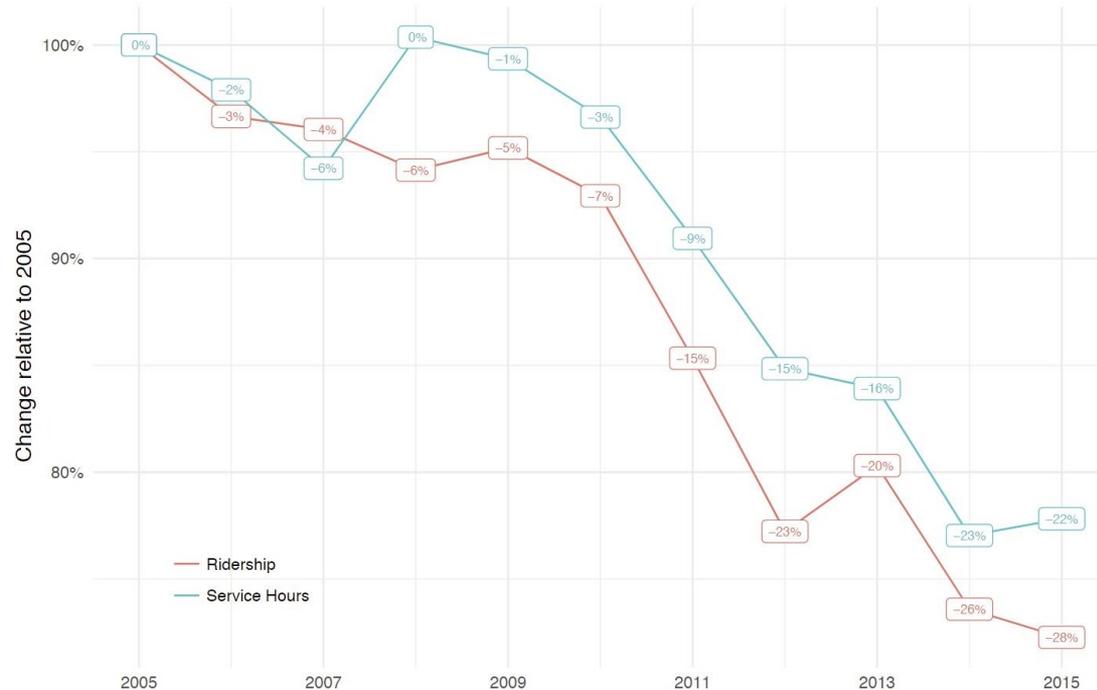
In the past ten years, Memphis has experienced a slow-moving self-reinforcing decline in transit. The danger is that, if it is not halted, transit will decline into irrelevancy.

Reduced ridership leads to less funding from federal sources and lower farebox revenue.

Because the network is useful to fewer people there is no incentive for businesses and developers to locate on it.

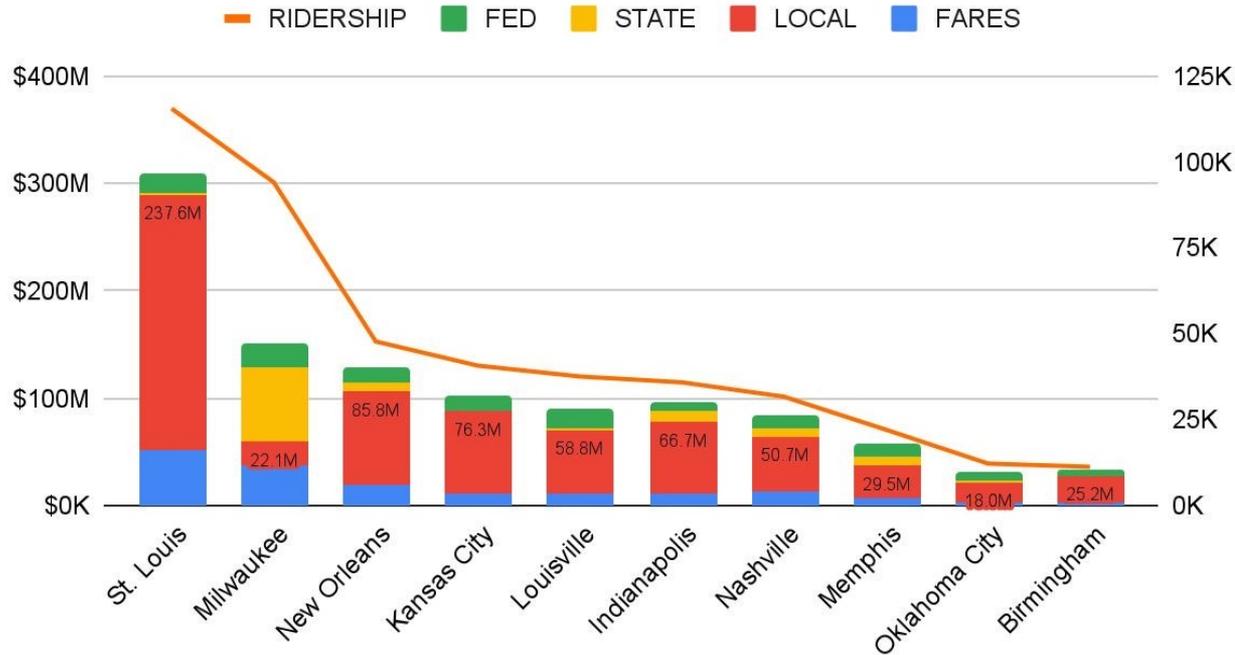
Which causes ridership to go down while increasing the cost of serving a more spread out metro region.

***When transit is no longer a viable option for many people's daily lives, fewer people advocate for increased local funding...***



# Transit Ridership: You get what you pay for

## Weekday Ridership and Funding

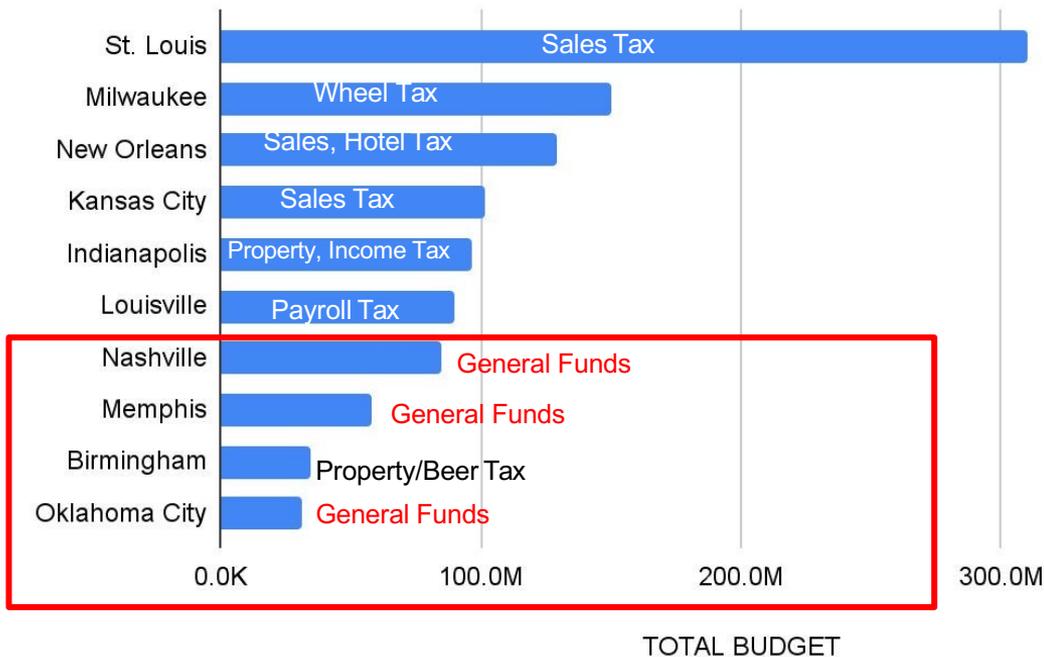


We looked at the sources and amounts of funding for Memphis and our nine peer cities. For all but Milwaukee, local dollars make up the largest source of transit funding.

**Ridership is closely linked to the amount of investment in transit service.**

# Lack of Dedicated Funds Often Means Lack of Funds

## Budget Ranking and Main Revenue Source



Local funding represents by far the largest source of funding for most transit agencies. Many of these local sources are dedicated to transit, meaning that they cannot be used for other purposes. For example, St. Louis sales tax includes 1% for transit. New Orleans charges a hotel/motel tax that is set aside for transit. Louisville collects a payroll tax to fund transit.

Out of the 10 peer cities only three do *not* have a source of funding that is dedicated to transit, relying instead on dollars from their respective cities' general funds. Transit often loses when competing with other priorities such as police and schools.

As a result, reliance on general funds is closely related to underfunded public transit.

# Funding Options Available for Transit in Memphis Area

Funding type	Available for Memphis area transit?	Who needs to approve?
Parking tax		Not available
Transit operation fee, AKA transportation utility fee, or impact fee		2/3 vote of council OR referendum (Appendix pg. 20)
Payment in lieu of taxes (PILOT)		City and County approved PILOT funding in 2022 
Vehicle Registration Fee (Wheel Tax)		City council and/or county commission
Local options sales tax		Referendum

# Transportation Operation Fee

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## *What is a TOF?*

A TOF is a monthly fee that supports transit operation funding for municipalities. It is typically assigned proportionately to road usage based on land use generation, trip intensity, vehicle miles traveled (VMT), or, in some cases, a flat rate.

## *Who pays this fee?*

Fees are collected from renters, residential property owners and commercial property owners through a regular local utility bill. Because it is not a tax, there is no tax exemption for 501(c)3 organizations. Collecting via utility bill also saves on administrative costs.

## *How is it passed?*

Can be passed by County Commission without a ballot measure.

## *How is the fee determined?*

Typically, fee is determined by use trip generation rates prepared by the **Institute of Transportation Engineers**. In some cases, a flat rate can be implemented. Renters, residential land owners, and commercial land owners will all pay a different rate.

## *Is this an equitable solution?*

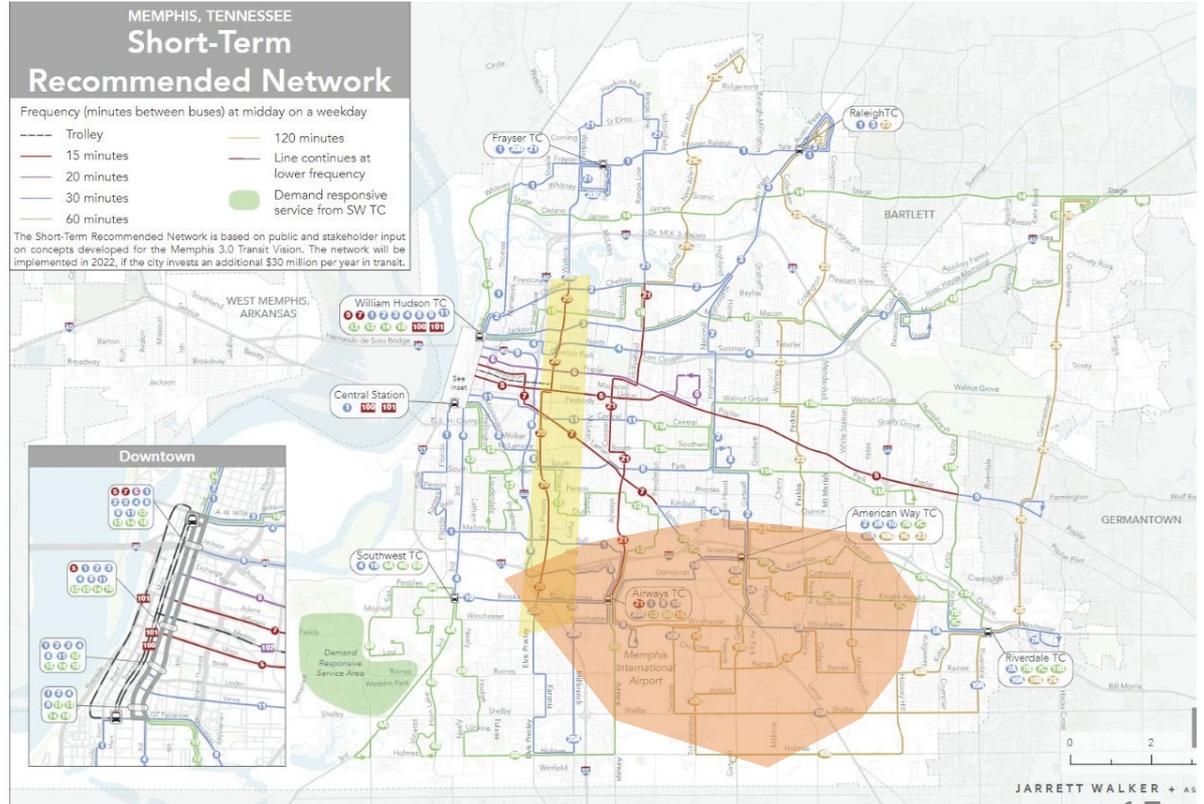
The municipality of Corvallis, OR has used TOF's to fully fund their transit operations and fare-less model. They have been able to expand service and lower transit barriers. Careful consideration of the monthly fee must be made to ensure that low income residents are not in-equitably burdened by the fee.

# Down Payment for our Future

What would it take to improve frequencies and spans on key routes?

\$3.5M/year to bring route 42 (in yellow) to every 15 minutes on weekdays and 30 minutes on weekends.

\$750K to add a new new MATA Ready! Service east of the airport.



# WHAT ARE PROMISING GOVERNANCE OPTIONS FOR MEMPHIS

## INTERSTATE COMPACT

An **interstate compact** is a contractual arrangement made between two or more states in which the assigned parties agree on a specific policy issue and either adopt a set of standards or cooperate with one another on a particular regional or national matter.

Used to create **Multi State Transit Authorities** by two of Memphis' Peer Cities with highest performing transit systems: St.Louis (1950) and Kansas City (1965).

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Requires Congressional Consent

### **RegionSmart:**

Anna Holtzclaw, ED- Looking into plausibility of a Tri-state Compact; TN, AR, MS

Currently hosts a council of mayors from the tri-state area started to discuss matters of regional importance and collaboration.and meets throughout the year on issues of regional importance.(confidential)

# Appendix



Photo by [Joshua J. Cotten](#) on [Unsplash](#)

City	Local Funding Amount	Local Funding Sources	Governance & Local Funding Structure
St. Louis	\$237,612,323	Sales Tax	Bi-State Development Agency of Missouri-Illinois; St. Louis City & St. Louis City contribute <b>1% in sales tax</b> , while St. Clair County in Illinois contributes <b>3/4% in sales tax</b> . 98% of the 1% sales tax receipts are used for operating purposes. Housed in a City Public Transit Sales Tax Trust Fund,
New Orleans	\$85,845,433	Sales Tax, Hotel/Motel Sales Tax	Public Transit Authority; <b>1% general use sales tax</b> in New Orleans Parish; generates \$74.6kM; \$7.4M in <b>Hotel/Motel Sales Tax</b>
Kansas City	\$76,349,248	Sales Tax	Bi-state agency of Kansas & Missouri; <b>1/2 cent sales tax</b> to the Public Mass Transportation Fund, \$59.6M; <b>3/8 cent Sales Tax</b> , \$12.8M dedicated to KCATA.
Indianapolis	\$66,716,659	Property Tax, Local Transit Income Tax	Publicly Operated Public Transportation Corporation; <b>Local Transit Income Tax</b> , 33% budget, \$37M; <b>Property and Excise Taxes</b> , 31% budget, \$30M
Louisville	\$58,776,746	Payroll Tax	Publicly operated Transit Authority of Greater Louisville Area. <b>Payroll tax</b> , \$58M, housed in Mass Transit Trust Fund. 60.84% of total revenue in 2020. Roughly 85% of fund directed towards operating expenses in 2020.
Nashville	\$50,675,064	General Fund	Privately Operated Transit Authority; CEO only City Employee; No dedicated source of local funding
Memphis	\$29,517,284	General Fund	MATA; No dedicated source of local funding
Birmingham	\$25,248,607	Property Tax, Beer Tax,	Publicly Operated Birmingham-Jefferson County Transit Authority, BJCTA; <b>Property Tax</b> , \$6.5M, <b>Jefferson County Beer Tax</b> , \$4M,
Milwaukee	\$22,065,422	Vehicle registration fee (wheel tax)	Milwaukee Transport Services, Inc. is a quasi-governmental agency. \$22M generated from <b>wheel tax</b> in all Counties fully or partially serviced.
Oklahoma City	\$18,027,386	General Fund	Public Transit Authority of the Central Oklahoma Transportation and Parking Authority; COPTA (City Agency); Administered through COPTA Trust.

## HOW DO OTHER CITIES GOVERN THEIR TRANSIT SYSTEMS?

City	Agency Name	Governance Structure	Local Funding
St. Louis	Metro Transit	Bi-State Development Agency of Missouri-Illinois (Interstate Compact)	\$237.6M
New Orleans	Regional Transit Authority	Public Transit Authority; Transitioned to public in 2020 to carry out transit equity initiatives.	\$85.8M
Kansas City	Kansas City Area Transit Authority, KCATA	Bi-state agency of Kansas and Missouri (Interstate Compact)	\$76.3M
Indianapolis	IndieGo	Publicly Operated Public Transportation Corporation	\$66.7M
Louisville	The Transit Authority of River City (TARC)	Publicly operated Transit Authority of Greater Louisville Area (including parts of Southern Indiana)	\$58.8M
Nashville	Nashville Metropolitan Transit Authority	Privately Operated Transit Authority; CEO only City Employee	\$50.7M
Birmingham	MAX Transit	Publicly Operated Birmingham-Jefferson County Transit Authority, BJCTA	\$25.2M
Milwaukee	Milwaukee County Transit System	Milwaukee Transport Services, Inc. is a quasi-governmental agency	\$22.1M
Oklahoma City	Embark; consolidation of transit and parking division	Public Transit Authority of the Central Oklahoma Transportation and Parking Authority; COPTA (City Agency)	\$18M

# WHAT ARE PROMISING FUNDING OPTIONS FOR MEMPHIS?

## TRANSPORTATION UTILITY FEE

- A Transportation Utility Fee (TUF) is a monthly fee based on the use of the transportation system.
- Paid on an ongoing monthly basis, typically within a utility bill
- First TUF implemented in Oregon in the 1980s. Most prevalent in Oregon and Montana.
- Levied on all property occupants, both tenants and owners.
- Because they are not a tax, there are no losses from tax exemption.
- Use trip generation rates prepared by the **Institute of Transportation Engineers**
- Fees are typically assigned proportionately to road usage based on land use generation, trip intensity, vehicle miles traveled (VMT), or, in some cases, a flat rate.
- Imposed on a jurisdiction-wide basis and continues in perpetuity, providing a dedicated and stable funding source to finance the ongoing maintenance and operation of a locality's transportation system.
- **LEGAL CONSIDERATIONS:** Transportation utility fees have faced legal challenges questioning whether they are a fee or a tax. Revenue generation authority granted to cities by state constitutions varies, but in general, a city's power to tax is more limited than its power to charge fees. Taxes require voter approval, so if utility fees are challenged and determined to be a tax, referendum requirements may be triggered.

### **Austin TX**

20-21 Residential TUF Revenue: \$16,230,700

20-21 Commercial TUF Revenue: \$13,228,100

**Total Revenue:** \$29,458,800

### **Fee Burden:**

Residential: \$156 average annual fee (\$13/month) for a single-family home

Commercial: fee is per acre per month times multiplier for trip generation multiplied by an adjustment factor. Monthly Fee per Acre \$63.99 \$65.24